# LEGISLATIVE SERVICES AGENCY
## OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317) 232-9855

## FISCAL IMPACT STATEMENT

**LS 7533**
**BILL NUMBER:** HB 1458

**DATE PREPARED:** Dec 30, 2000
**BILL AMENDED:**

**SUBJECT:** IURC Jurisdiction over Mergers.

**FISCAL ANALYST:** John Parkey
**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X **GENERAL**
X **DEDICATED**
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that certain transactions involving the reorganization or change in control of a public utility require approval by the Indiana Utility Regulatory Commission (IURC) after a hearing. The bill provides that an entity resulting from one of these transactions shall establish goals of obtaining at least 10% of its annual procurement from minority business enterprises and at least 5% of its annual procurement from women's business enterprises. The bill requires the entity to report annually to the IURC the percentage of total procurement obtained from minority business enterprises and women's business enterprises.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This proposal contains provisions requiring that certain transactions involving mergers, reorganizations, or the acquisition of control of public utilities must have approval of the IURC following a hearing. Following these transactions, the bill provides that the Commission must review the entities' efforts in obtaining specified shares of their annual procurements from minority and women's business enterprises. The IURC would also be required to develop rules regarding the certification of minority and women's business enterprises. Although this proposal grants the IURC approval authority over mergers and requires the Commission to consider utilities' procurement efforts after certain transactions, the IURC should be able to meet the requirements of this legislation given its current budget and resources. The Office of the Utility Consumer Counselor (OUCC) also would participate in merger approval proceedings. Any additional expenses should also be covered under the Counselor's existing budget.

The IURC and the OUCC are funded through the Public Utility Fee. At the end of each fiscal year, if all public utility fees collected plus the unspent balance of the Public Utility Fund exceed the appropriations for the IURC and OUCC (plus a $250,000 contingency fund), then the IURC computes each utility's share of the excess amount. Each utility's share is then deducted from any subsequent payment of that utility's Public Utility Fees. In FY 2000, $8,053,986 was generated through the Public Utility Fee.

*Secondary Impact:* It is not known if requiring reorganized utilities to establish goals of obtaining certain percentages of their annual procurements from minority and women's businesses will increase the costs of the utility's operation. However, if the provisions of this bill do result in increased expenditures for utilities, any associated costs may be eventually passed on to consumers (including state entities) through higher rates. Because budgets for state entities are limited to the amount appropriated, increased expenses for utility services could affect expenditures in other budget areas. The amount of money reverted by agencies would likely decline if the costs of utility service increase.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Secondary Impact:* If the provisions of this bill do result in increased expenditures for utilities, local units may also be affected by higher rates for utility service.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor; all other state entities.

**Local Agencies Affected:** All local units.

**Information Sources:** Mike Leppert, Executive Director for External Affairs, IURC, (317) 232-1724; Anthony Dzwonar, External Affairs Director, OUCC, (317) 232-2494; Auditor's Trial Balance.